

Message Text

CONFIDENTIAL

PAGE 01 CASABL 00607 221153Z

51

ACTION OPIC-12

INFO OCT-01 NEA-14 ISO-00 FEA-02 AID-20 CIAE-00 EB-11

FRB-03 INR-11 NSAE-00 TRSE-00 XMB-07 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08 CEA-02 L-03

H-03 PA-04 PRS-01 USIA-15 INT-08 (ISO) W

----- 081031

P R 220930Z JUL 74

FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC PRIORITY 2897

INFO USDOC WASHDC

AMEMBASSY RABAT

C O N F I D E N T I A L CASABLANCA 607

E.O. 11652: GDS

TAGS: ENRG, EIND, MO

SUBJ: MOROCCANIZATION NEGOTIATIONS: EVALUATION OF ASSETS,
GOM PURCHASE PRICE

DEPT PASS OPIC/ID

DEPT PASS USAID

REF: CASABLANCA 603

1. AS PRELUDE TO GOM'S PROMULGATION OF MOROCCANIZATION DAHIR ON APRIL 4, 1974, THE FOREIGN OIL DISTRIBUTING COMPANIES WERE DIRECTED IN A LETTER DATED FEBRUARY 27, 1974 FROM THE MINISTRY OF COMMERCE TO CENTRE TECHNIQUE D'INFORMATIONS PETROLIERS (CTIP, AN EXCLUSIVE ASSOCIATION ESTABLISHED BY THE OIL COMPANIES) TO RETROACTIVELY REVALUE THEIR SECURITY STOCKS BY A MULTIPLE OF 3.8 AS OF JANUARY 1, 1974. EACH COMPANY WOULD PAY THE DIFFERENCE BETWEEN THE PURCHASE AND REVALUED PRICE TO CAISSE DE COMPENSATION WHICH WOULD AGGREGATE \$25-30 MILLION. EN MASSE THE COMPANIES DID NOT COMPLY BY QUESTIONING LEGALITY OF DIRECTIVE, AND NECESSITY OF HAVING TO OBTAIN LOANS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CASABL 00607 221153Z

FROM LOCAL SOURCES OR THEIR PARENT COMPANIES TO MAKE

PAYMENT. MINISTRY OF COMMERCE DID NOT PUSH COMPLIANCE, AND REFRAINED FROM OFFICIALLY NOTIFYING EACH COMPANY OF DIRECTIVE, EVEN THOUGH COMPANIES REQUESTED SUCH A LETTER.

2. SINCE ISSUANCE OF DAHIR, REVALUATION OF STOCK AND PAYMENT TO CAISSE DE COMPENSATION ISSUE HAS BEEN OMINOUS FEATURE IN DETERMINING IF GOM WILL USE ALLEGED INDEBTEDNESS TO FINANCE PURCHASE OF 50 PERCENT-OWNERSHIP IN THE OIL COMPANIES. TWO WEEKS BEFORE OIL COMPANIES HAD PRELIMINARY MEETINGS WITH SOCIETE NATIONALE DES PRODUITS PETROLIERS (SNPP) TO DISCUSS MODALITIES OF MOROCCANIZATION NEGOTIATIONS, THE MINISTRY OF COMMERCE REMINDED CTIP OF REVALUATION DIRECTIVE, AND ADVISED THAT IT HAD SENT CAISSE DE COMPENSATION AN APPROXIMATE AMOUNT OF EACH COMPANIES' INDEBTEDNESS.

3. ON JULY 18 EACH COMPANY WAS OFFICIALLY INFORMED OF ITS INDEBTEDNESS TO THE CAISSE DE COMPENSATION. IN ORDER OF PRESENTATION, THE REVALUATION INDEBTEDNESS ASSESSED BY C DE C, AND NET BOOK VALUE AND EVALUATION OF ASSETS DETERMINED BY THE AMERICAN COMPANIES ARE AS FOLLOWS (MILLIONS OF DIRHAMS): ESSO - 8.6, 21 AND 44; MOBIL - 26, 20 AND 80; TEXACO -12, 6 AND 31. THUS, EXCEPTING ESSO, THE INDEBTEDNESS OF THE OTHER TWO COMPANIES EXCEED THEIR NET BOOK VALUE. ON JULY 19, SNPP INFORMED ESSO THAT THEIR EVALUATION OF ITS NET BOOK VALUE WAS DH 4.5 MILLION (VS ESSO'S 21 MILLION) AND OFFERED A PURCHASE PRICE OF DH 2.2 MILLION FOR 50 PERCENT OWNERSHIP. ESSO SAYS THIS OFFER LESS THAN LAND VALUE OF ALL ITS GAS STATIONS. LIKEWISE, ON JULY 18, SHELL WAS OFFERED A PRICE OF DH 12 MILLION AGAINST SNPP'S EVALUATION OF ITS NET BOOK VALUE OF DH 24 MILLION. SHELL'S INDEBTEDNESS AMOUNTS TO DH 182 MILLION.

4. WE ARE SCHEDULING A MEETING WITH ALL AMERICAN REPS TO DISCUSS THE DEVELOPMENTS OF SUBJECT NEGOTIATIONS.
FISHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NATIONALIZATION, PETROLEUM PRODUCTS, NEGOTIATIONS, STOCKS (SECURITIES), INDEMNIFICATION
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CASABL00607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740197-0715
From: CASABLANCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740730/aaaaazbw.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: CASABLANCA 603
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 AUG 2002 by izenbei0>; APPROVED <19 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOROCCANIZATION NEGOTIATIONS: EVALUATION OF ASSETS, GOM PURCHASE PRICE
TAGS: ENRG, EIND, MO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005